

A Report to the Under Secretary of Defense for
Acquisition, Technology and Logistics

THE DRUYUN STUDY

A review of Air Force acquisition actions executed
during the tenure (1993-2002) of Ms. Darleen
Druyun as the Principal Deputy Assistant Secretary
of the Air Force for Acquisitions and Management.

Highlights

Highlights of the Druyun Study to the Under Secretary of Defense for Acquisition, Technology and Logistics

Charter / Objective

During the week of November 8, 2004, Mr. Michael Wynne, Acting Under Secretary of Defense for Acquisition, Technology and Logistics, chartered a study team to conduct a review of acquisition actions involving Ms. Darleen Druyun. This team reviewed specific acquisition actions executed during the tenure (1993-2002) of Ms. Druyun as the Principal Deputy Assistant Secretary of the Air Force for Acquisitions and Management. The objective of the study was to determine whether decisions were consistent with DoD standards of integrity and sound business practices. The acquisition actions identified for review were Source Selection Decisions, Acquisition Strategy Panel (ASP) Decisions, Revisions to Acquisition Strategy Reports during or after ASP approvals, Award Fee Determinations, Equitable Adjustments, actions involving contested payments to contractors, Contract restructures, Contract extensions, and Contract litigations.

Recommendation(s)

During the execution of the study while reviewing 407 acquisition actions as potentially having Ms. Darleen Druyun's involvement, eight actions needing investigation were discovered. Recommend these be considered for referral to appropriate authorities for additional scrutiny.

The Druyun Study

What Was Found

Four teams were deployed from December 6, 2004 to January 28, 2005 to review 407 acquisition actions (365 identified by the Air Force) at various geographic locations. The teams were composed of contracts and technical personnel, attorneys, and auditors from Department of the Navy, Department of the Army, Defense Contract Audit Agency (DCAA), General Services Administration (GSA), and Defense Contract Management Agency (DCMA). The total number of documents reviewed in connection with the 407 actions was approximately 8,000. As a result of the review, eight actions were identified as needing investigation.

File Locations

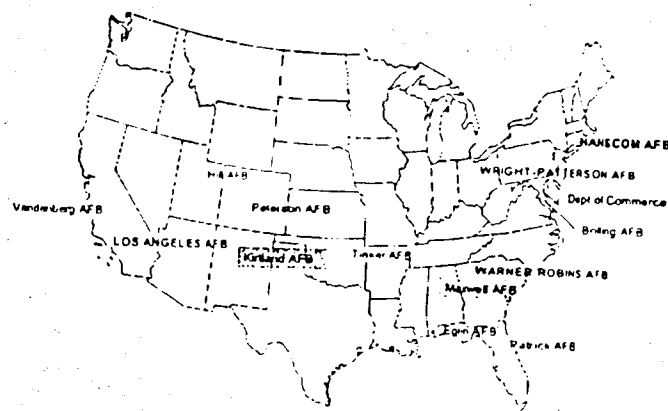


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CHARTER

During the week of November 8, 2004, Mr. Michael Wynne, Acting Under Secretary of Defense for Acquisition, Technology and Logistics, chartered a study team to conduct a review of Air Force acquisition actions involving Ms. Darleen Druyun. This team reviewed specific acquisition actions executed during the tenure (1993-2002) of Ms. Druyun as the Principal Deputy Assistant Secretary of the Air Force for Acquisitions and Management. The objective of the study was to determine if decisions Ms. Druyun executed or influenced were consistent with DoD standards of integrity and sound business practices. The acquisition actions identified for review were source selection decisions, Acquisition Strategy Panel (ASP) decisions, revisions to Acquisition Strategy Reports during or after ASP approvals, award fee determinations, equitable adjustments, actions involving contested payments to contractors, contract restructures, contract extensions, and contract litigations. Acquisition actions excluded from this study are those that were already under review by another Government body (e.g., C-130 AMP and Small Diameter Bomb source selections are under protest and currently being reviewed by GAO).

SUMMARY / OVERVIEW

This review focused on 407 acquisition actions as potentially having Ms. Druyun's involvement. These actions included approvals of Justification and Approvals (J&A) for other than full and open competition, source selection decisions, negotiation decisions, and award fee determinations. The total number of documents reviewed in connection with the 407 actions was approximately 8,000. As a result of the review, eight actions were identified as needing investigation. Additional information regarding these actions is in the "Actions Needing Investigation" section of this report. The Study Team recommends these actions be considered for referral to appropriate authorities for additional scrutiny.

METHODOLOGY

Purpose/Introduction

In early November 2004, Mr. Michael Wynne, Acting Under Secretary of Defense for Acquisition, Technology and Logistics, designated Ms. Sallie Flavin, Deputy Director, DCMA, to lead a study of all acquisition actions involving Ms. Druyun during her tenure as the Air Force top civilian acquisition official (1993-2002). The objective of the study was to determine whether Ms. Druyun's decisions were consistent with DoD standards of integrity and sound business practices.

Ground rules for the Druyun Study included the following considerations:

- 1) At the time Mr. Wynne chartered the Study, some of Ms. Druyun's actions had already been identified as problematic. Any such actions already identified and under investigation by other Government bodies were excluded from this Study.
- 2) The Study was to be concluded by late January/early February 2005, although additional time could be requested if needed in the interest of quality of information.
- 3) The Study was strictly limited in scope to identify actions requiring investigation. Given the time constraints for this initial review, it specifically was not intended as a definitive investigation of an issue or issues. Accordingly, the Study results are qualified to the extent they must be investigated in detail to determine whether an action is, in fact, a true problem or whether it is a reasonable action in light of further details.

To assess the magnitude of the Study, Ms. Flavin worked with the Air Force to develop a data call requesting Air Force acquisition organizations identify all acquisition actions Ms. Druyun played a significant role in during the 1993-2002 timeframe. As data was being collected, and based on preliminary information from the Air Force showing a field of about 250 actions, the Study Team size and population were designed. The size of the Team was established at approximately 35-40 people in the disciplines of contracts, technical, audit, legal counsel, and staff support. Representatives from the Navy, the Army, the DCAA, the GSA, and the DCMA were sought for the team. Expert level representatives in grades 13-15 were requested to ensure members would be capable of making informed judgments based on a relatively small amount of data, combined with discussions with knowledgeable individuals. The final team composition included 40 individuals, 23 from DCMA, 7 from the Navy, 4 from the Army, 5 from DCAA, and 1 from GSA.

In order to expedite the Study, Ms. Flavin decided to send Study Team Members to the Air Force locations where pertinent documents were maintained rather than have the documents forwarded to one location. Analysis of the Air Force structure indicated there were four primary contracting locations where the bulk of the documents were located. Those four locations were: Wright-Patterson AFB, Los Angeles AFB, Warner Robins AFB, and Hanscom AFB. Study Team Members were divided into five units, one for each primary Air

Force location and one headquarters unit to provide support to the other four. Each primary location had a definite product focus (Wright-Patterson – Aircraft, Los Angeles – Space and Missiles, Warner Robins – Air Logistics, and Hanscom – Electronics). Therefore, unit assignments were made on the basis of comparable product experience, as outlined in the resumes received from team members. Some level of product knowledge of the units was expected to make the document analysis more efficient and effective. Study Team Members and unit assignments are provided in Appendix II.

Assembling the Study Team and issuing the data call required approximately one month. The project plan after that included the following milestones:

December 6-10	Team Brief/Training
December 13 - January 14	Site Visits
January 17-21	Report Compilation
January 27	Air Force Review
January 31	Blue Ribbon Panel Review
February 2	Brief to USD (AT&L)

The week of December 6-10, 2004, was used as a general orientation for all Team Members. Initial information briefings were provided, team and sub-team introductions were made, and detailed work planning at the sub-team level began. One day was devoted to briefings by the Air Force on the Air Force acquisition organization. Time was also spent discussing how the Air Force conducts source selections in order to acquaint Team Members with any differences between their parent organizations' procedures and those of the Air Force. During this week, the Team Members developed the document in Appendix I, "Field Review Approach" including worksheets applicable to different types of acquisition actions to be used as guides during field visits. They also contacted Air Force points of contact at each location to schedule entrance briefs, to request applicable documents, and to schedule interviews with involved acquisition personnel. The field activities soon revealed some acquisition documentation was located at sites other than the four listed above. To capture the entire list of actions provided by the Air Force, visits were also scheduled to Vandenberg AFB, Hill AFB, Peterson AFB, Kirtland AFB, Tinker AFB, Eglin AFB, Patrick AFB, Maxwell AFB, Bolling AFB, and the Department of Commerce in Maryland.

Upon completion of data collection in the field, each sub-team completed documentation of any actions requiring investigation that were found and included a brief summary of each. The summary of those actions from each team were reviewed in a plenary session of all sub-teams to ensure overall Study Team concurrence with subject and content. Senior Air Force acquisition officials were advised of the actions requiring investigation and were offered an opportunity to comment on them. Finally, the actions found were presented to a Blue Ribbon Panel of General Officers and Senior Executive Service acquisition officials from the Navy, the Army and the DCAA for a final confirmation that they warranted investigation.

ACTIONS NEEDING INVESTIGATION

The Druyun Study Team identified eight acquisition actions (over and above those already under investigation by other Government bodies) that Ms. Druyun was involved in during the period 1993-2002 where the acquisition process appeared irregular or abnormal and where the results may not have been in the best interest of the Government. It is important to note the qualifiers in the previous sentence – the process “appeared” irregular and the results “may” not have been in the best interest of the Government. These qualifiers are in keeping with the charter of this Study which was to review a broad segment of data and to identify actions in that field of data which warrant investigation. This Study did not conduct a detailed investigation of actions found. For that reason, some or all of the actions reported here may subsequently be found to be both reasonable and in the Government’s best interest after a detailed investigation is conducted.

Five of the actions requiring investigation were related to source selections. In two of these, Ms. Druyun appeared to have driven sole source decisions without benefit of such tools as analysis of alternatives or market survey data to fully substantiate the appropriateness of the decision (C-22 Replacement Program sole source to Boeing and 60K Tunner Contractor Logistical Support sole source to Systems & Electronics, Inc. (SEI)). Three of the cases related to competitive source selections where the roles of the source selection evaluation teams, the source selection advisory council, and the source selection authority appeared somewhat confused and/or where Ms. Druyun appeared to have exercised an unusual amount of detailed control over the evaluation results (NPOESS-CMS, Boeing, 2001; C-5 Avionics Modernization Program, Lockheed Martin Marietta, 1998-99; Financial Information Resource System (FIRST), Andersen Consulting, 2001).

Three of the actions requiring investigation were related to contract adjustments after initial award. In two of these cases, Ms. Druyun appeared to have played an unusual role (in view of her senior position) as the ultimate negotiator of the contract adjustments without leaving the normally expected audit trail to describe how agreement was obtained and how it was determined to be fair and reasonable (F-16 Mission Training Center equitable adjustment, Lockheed Martin Marietta, 2001; C-40 Lease and Purchase definitization, Boeing, 2001). The third action in this area involved a situation where Ms. Druyun may have personally driven a contract restructure action that appeared to have resulted in less stringent requirements for the contractor, but higher costs for the Government (KC-135 Programmed Depot Maintenance, Boeing/Pemco partnership, 2000-2001).

TREND ANALYSIS

Part of the original plan for this Study was that trend analysis would be conducted in several areas to assess whether or not unusual "patterns" of behavior in the conduct of acquisition actions could be identified. Any patterns identified were expected to be used to reinforce or enhance the Study results. The areas chosen for trend analysis were award fee determinations made by Ms. Druyun, cost and pricing data waivers approved by Ms. Druyun, source selection decisions made by Ms. Druyun, and contractor performance assessments approved by Ms. Druyun. However, the total number of actions (which equate to data points) in which Ms. Druyun was involved in any one of these areas was insufficient to conduct a meaningful statistical trend analysis. The available field of actions reflected about 50 source selection decisions, 7 award fee determinations, 11 waivers of cost and pricing data, and 1 documented contractor performance assessment. Overall, there were insufficient data points in all areas of interest to derive meaningful trend analysis information.

RECOMMENDATIONS

The Druyun Study Team identified eight acquisition actions (over and above those already under investigation by other Government bodies) that Ms. Druyun was involved in during the period 1993-2002 where the acquisition process appeared irregular or abnormal and where the results may not have been in the best interest of the Government. It is important to note the qualifiers in the previous sentence – the process "appeared" irregular and the results "may" not have been in the best interest of the Government. These qualifiers are in keeping with the charter of this Study which was to review a broad segment of data and to identify actions in that field of data which warrant investigation. This Study did not conduct a detailed investigation of those actions found. For that reason, some or all of the actions reported here may subsequently be found to be both reasonable and in the Government's best interest after a detailed investigation is conducted.

Recommend the Acting Under Secretary of Defense for Acquisition, Technology and Logistics refer the eight actions requiring investigation identified in this report to the appropriate Government organizations for further detailed review and analysis.

Appendixes

Appendixes are provided to add clarity to the report and are referenced herein.

All documents are marked according to their sensitivity and must be handled appropriately in accordance with guidance indicated by the marking.

~~FOR OFFICIAL USE ONLY~~ this document contains information exempt from mandatory disclosure under the FOIA, Exemptions 3, 4 and 5 may apply.

Review Approach

[Developed December 12, 2004
Revised January 5, 2005]

for the

Druyun Study

Review conducted December 6, 2004 – January 28, 2005

OUTLINE

- I. Purpose/Introduction
- II. Approach to Contract Review
- III. Process for Completing a Contract Review
- IV. Program of Actions and Milestones
- V. Assessment Sheets and Document List

I. Purpose/Introduction

The purpose of the Druyun Study is to identify acquisition actions involving Ms. Druyun that may warrant investigation. The study will look for actions in procurement proceedings that indicate possible influence by Ms. Druyun to the extent that there was an outcome that may not have been in the best interest of the Government.

A group of subject matter experts from various services/agencies assembled to conduct the study, develop, establish, and implement a methodology. The group divided into five teams. Four of the teams will be sent into the "field" to assess the contract files at several Air Force sites. The final team, the HQ team, will coordinate the actions of the other teams, consolidate inputs for the other teams, determine if broad areas of concern exist based on patterns, guide teams towards specific assessment areas to further assess the existence of patterns, and lead the writing of the report.

The study group met the week of December 6, 2004 for orientation and to develop the guidance and field methodology set forth in this document. Informational briefings were given to the group to provide guidance, awareness, and subject matter information. The purpose of this document is to facilitate a common and consistent review approach. However, the approach and direction of the review can change to meet the goals of the study, so flexibility will be maintained to allow appropriate adjustments based upon the anomalies and assessments as they are generated.

II. Approach to the Contract Review

Contract programs with which Ms. Druyun was involved were identified by the Air Force (SAF/AQ), organized by the site at which the contract file resides. Each team determined the strategy of their review based on the number of contracts to be reviewed and the logistical layout of the site/location of the files. The content of the review will be guided by worksheets developed in the following areas.

- a. Source Selection (SS)
- b. J&As (JA)
- c. AP/SAMP (AP)
- d. Contract Restructures (CR)
- e. Alternative Dispute Resolution (ADR)
- f. Fee Determination (FD)

Each of the worksheets will have a tracking number and will be logged. The tracking number will consist of three parts.

The first part is the first two letters of the Air Force site as shown below.

WP – Wright-Patterson Air Force Base
WR – Warner Robins Air Force Base
LA – Los Angeles Air Force Base
HI – Hill Air Force Base
HA – Hanscom Air Force Base
EL – Eglin Air Force Base
TI – Tinker Air Force Base

The second part of the number will be the acronym of the worksheet type as follows:

SS = Source Selection
JA = J&As
AP = AP/SAMP
CR = Contract Restructures
ADR = Alternative Dispute Resolution
FD = Fee Determination

The third part will be the sequential number for each team. In the event multiple worksheets are created for the same action, an alpha character may be appended to the sequential number. The combination of the three component parts will be assembled to become the tracking number and document worksheet title for each action reviewed.

To ensure that duplicate numbers are not created, a fourth part may be added to the document tracking and naming convention. The fourth part will be the individual reviewer initials. An example of a completely assembled tracking number would be WP-JA-001A-AG. This information is entered into the tracking matrix and a worksheet file is created utilizing this number as the file name.

The Druyun Study excel file tracking sheet will be used to log in the files reviewed every day. Summary information, as well as the information from the questions in bold on the worksheets will be entered into the excel spreadsheet. A tab is provided for action type. Questions to be answered are across the top of the spreadsheet. Hovering over the abbreviated question will pull up the full length question. The first line has been filled in as a sample so users can keep track of the format of the answer (yes/no, numeric or company name) as they fill in the sheets. The spreadsheet includes a column for anomalies and/or comments.

Each member of a field team will review a contract file, using the worksheet(s) that apply to that action. The expertise of the entire team will be applied to each contract file reviewed. The approach of the review will be to review the contract

files only to the depth necessary, which means all questions on each worksheet do not need to be addressed. In general, a contract file is placed as low priority once it is clear that it is unlikely that Ms. Druyun's influence could have resulted in an outcome that was not in the best interest of the Government. Further review of that contract would result only if there is a reason, e.g., anomalies of a pattern in an area not reviewed.

A standard in-brief is attached to "kick-off" the reviews at each site. Conference calls will be conducted between all Team Leaders and IIQ each day. The following information will be included in the Situation Reports (SITREPS):

- a. Programs/Contract(s) reviewed - % complete
- b. Specific Data reviewed
- c. Significant Anomalies
- d. Lessons Learned from a process assessment standpoint

III. Process for Completing a Contract Review

1. Discuss contract with people from the program, e.g., Procurement Contracting Officer (PCO), Program Manager (PM), Source Selection Evaluation Team (SSET) Chair to determine level of Ms. Druyun's official and unofficial involvement, as well as to get help to review the contract file.
2. If there is little concern that issue/anomaly relevant to this study exists, e.g. no involvement by Ms. Druyun, validate the verbal information by reviewing the primary document and scanning the supporting documents as deemed necessary. Complete worksheets to the extent needed to document the review and findings.
3. If risk is unclear or no discussion took place, review J&A and/or Review Source Selection Decision and supporting documentation. Complete worksheets to the extent needed to document the review and findings. (Note: If it is apparent during the review that there is low risk of an issue, item 2 above applies.)
4. If issue exists, review other documentation, as needed, to the point that an anomaly can be clearly identified and to understand the potential consequences. An anomaly is not necessarily an indication of wrongdoing, since sometimes that depends on the motive, something that we will not assess. Complete worksheets to the extent needed to document the review and findings.
5. Determine if there are any Postaward issues and/or /high-risk mods, review the primary and supporting documents, and complete the appropriate worksheets.
6. Log all worksheets.

7. For each issue/anomaly, ensure it is clearly described with description of potential consequences and rated for level of concern using the following definitions:

Level of Concern Definitions:

- I** Anomaly identified; recommend referral to appropriate authorities
- II** Anomaly suspected; insufficient information to fully determine; recommend referral to appropriate authorities.
- III** Process anomaly found, no specific infraction of requirements or laws identified (professional judgment); not recommended for referral to investigative authorities
- IV** No further review required

IV. Program of Actions and Milestones

<u>Dates</u>	<u>Milestones/Actions</u>
December 13-17, 2004	Reviews at various Air Force sites
December 20-30, 2004	Further review/report clean-up and Team Leader coordination based on group member availability
January 3, 2005	Team Leader Meeting at HQ DCMA
January 4-14, 2005	Continue review at sites
January 27, 2005	Field teams submit final team reports to HQ
January 24-28, 2005	Team Leaders support HQ in overall study report writing
January 31, 2005	Blue Ribbon Panel Review of the Druyun study results
February 1, 2005	Finalized report
February 2, 2005	Submit Report to Mr. Wynne

SINGLE ACQUISITION MANAGEMENT PLAN (SAMP) ACQUISITION PLAN

TRACKING NUMBER:

Contract Number:	Name of Assessor:
Description:	
Source:	Document Date:

Preparation: Review the SAMP or Acquisition Plan and check for consistency with the Operational Requirements Document (ORD)/Mission Need Statement (MNS).

1. Did the PM document the acquisition strategy (AS) from initiation through re-procurement of systems, subsystems, components, spares, and services beyond the initial production contract award and during post-production support? Y N
2. Acquisition Strategy Documentation. (Note: A primary goal of the strategy shall be to minimize the time and cost it takes, consistent with common sense and sound business practices, to satisfy identified, validated needs, and to maximize affordability throughout a program's useful life cycle.)
 - a. Does the AS document changes evolve through an iterative process and become increasingly more definitive in describing the relationship of the essential elements of a program? Y N
 - b. Was AS documented in a manner that reflected an overall systems approach to optimize total system performance? Y N
3. Are there frequent Acquisition Strategy changes not associated with major milestones or other aspects of the normal iterative process? Y N (Y is problem)
 - a. Were changes IAW program decision points and approved? Y N (N is problem)
 - b. Was AS changed between formal approval and the release of the formal solicitation? Y N (Y is problem)
 - c. Was there any industry involvement in the development of the acquisition effort that was not consistent with FAR Part 15? Y N (Y is problem)
(Note: With the exception of the PM support contractors – industry should not directly participate.)
4. Is there any indication that the acquisition strategy is reflecting changes in the ORD or MNS?

5. Does AS adequately describe what is to be developed or procured?
 - a. What specific capabilities are necessary to be responsive to the solicitation?
 - b. When do specific capabilities need to be introduced?
 - c. Is there an established baseline documented for schedule, technical, etc. in the AS?
6. Interview the PM (if available and the documentation raises issues). (**Note:** This information could help the team determine which programs need most of the attention.)
 - a. Did the PM receive directions to change requirements or the acquisition strategy?
 - b. Could these changes favor one contractor over another?
 - c. Was the acquisition strategy frequently changed?
 - d. Was direction changed outside of the normal expected updates? (Any reflecting other than milestone achievement.)
7. Were Program or System Plans coordinated and synchronized with plans of other applicable programs or systems?
8. Is there any concern with the solicitation/selection and if so why?

Documents Reviewed:

TYPE OF DOCUMENT	SUBJECT (if applicable)	DATE
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Documents Missing or Requested:

TYPE OF DOCUMENT	SUBJECT (if applicable)	DATE
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CONTRACT RESTRUCTURING

TRACKING NUMBER:

Contract Number:	Assessor:
Description:	
Source:	Document Date:

Preparation: Review Pre/Post Negotiation memorandum, any associated briefs and resulting contract modification

- I. Review the Pre and Post-Negotiation Memorandums
 - a. Who participated in negotiations?
 - b. Reasonableness of the settlement?
 - (1) Settlement consistent with Government estimate analysis
 - (2) Input from appropriate parties requested/considered (DCAA audits, Technical review, DCMA input, legal review, etc.)
 - c. Why was it necessary to restructure the contract?
 - d. Indicators of Ms. Druyun involvement:
 - (1) Briefs to Ms. Druyun leading up to/during negotiations?
 - (2) Direct meetings between interested parties and Ms. Druyun?
 - (3) Influence on outcome?
 - (4) Guidance on settlement parameters?
 - (5) Clearance approval?
 - (6) Addition of special contract requirements (clauses) resulting from Settlement?
 - (7) Estimate-at-completion briefs?
 - (8) If cost type, was there an impact to fee (award, incentive or fixed)?
 - e. Any memos for the record indicating non-concurrence or issues with settlement?

Documents Reviewed:

TYPE OF DOCUMENT	SUBJECT (if applicable)	DATE
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Documents Missing or Requested:

TYPE OF DOCUMENT	SUBJECT (if applicable)	DATE
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ALTERNATIVE DISPUTE RESOLUTION (ADR)

TRACKING NUMBER:

Contract Number:	Assessor:
Description:	
Source:	Document Date:

Preparation:

1. Type of ADR – e.g., mediation, evaluation, etc.
2. Selection of Neutral Party (if one) – who was involved for AF in selection decision
3. AF Legal Office - any advice to AF clients on ADR v. Litigation -
 - a. Strengths/weaknesses of Government position
 - b. Suitability for ADR
4. DCAA Involvement in ADR – any recommendations
5. ADR Settlement -
 - a. PNM by Contracting Officer – considerations for settlement/supportability
 - b. Who approved ADR Settlement – Druyun or staff at AF HQ?
6. ADR Neutrals Report (if any) – review for comparison to settlement terms/amount

Documents Reviewed:

TYPE OF DOCUMENT	SUBJECT (if applicable)	DATE
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Documents Missing or Requested:

TYPE OF DOCUMENT	SUBJECT (if applicable)	DATE
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FEE DETERMINATION

TRACKING NUMBER:

Contract Number:	Assessor:
Description:	
Source:	Document Date:

Preparation:

1. Revisions to criteria

- a. Were the AF criteria revised late in current period? Y N
- b. Who initiated change?
- c. If activities to be completed were deferred, was fee also redistributed? Y N
- d. Were requirements/levels of performance altered/reduced? Y N

2. Review Fee Determination

- a. Who was Fee Determining Official (FDO)?
- b. Adequate rationale for determination?
- c. Was input from evaluators/award fee board considered?
- d. Differences between recommendations of evaluators and final determination addressed?
- e. Was the determination consistent with the criteria and weighting?
- f. Was the fee determination consistent with scores assigned for similar levels of performance on prior periods/other contracts?
- g. Was an award fee reclama submitted?
 - A. Was fee revised?
 - B. Who made determination?
 - C. Was adequate justification for an adjustment to the fee documented?

3. Unearned award fee

- a. If the plan permits rolling forward unearned fee, who made decision about rolling forward or deobligating? (Did Ms. Druyun make this call?)
- b. If applicable, rational reason for rolling forward?
- c. If applicable, was criteria attached to rolled forward award fee or did it just increase future fee?

Documents Reviewed:

TYPE OF	SUBJECT	DATE
DOCUMENT	(if applicable)	

Documents Missing or Requested:

TYPE OF	SUBJECT	DATE
DOCUMENT	(if applicable)	

JUSTIFICATION AND APPROVAL (J&A) REVIEW

TRACKING NUMBER:

J&A No.:	Assessor:
Description:	
Source:	Document Date:
Rationale: FAR 6.302-1 -2 -3 -4 -5 -6 -7	

Preparation:

1. Limited Competition vs. Sole Source? LC vs. SS

2. Is this a follow-on J&A? Y N

If Y - to the same source? Y N

If N - note rationale for changing source

3. Value >\$50M? Y N

If N - search files for explanation why Druyun approved (earlier J&As may have had lower thresholds so check)

4. Did the synopsis generate any challenges from industry? Y (If Y, explain) N

5. Is the J&A consistent with the approved acquisition strategy? Y N (If N, explain)

6. Did Office of Counsel review for legal sufficiency? Y N (If N, explain)

Flag J&A for further review if:

2 N (unless threshold changed)

3 N (unless threshold changed)

5 N

6 N

Documents Reviewed:

TYPE OF	SUBJECT	DATE
DOCUMENT	(if applicable)	

Documents Missing or Requested:

TYPE OF	SUBJECT	DATE
DOCUMENT	(if applicable)	

ASSESSMENT OF A SOURCE SELECTION AUTHORITY (SSA)

TRACKING NUMBER:

Contract No.:

Assessor:

Description:

Source: (who won)

Document Date:

Preparation: Review the RFP and SSP, particularly the evaluation criteria, Section M. Gain access to Initial and Final Source Selection Decision Document (SSDD), Proposal Analysis Report (PAR), Evaluation Briefings, Evaluation Worksheets, and Evaluation Notices.

1. Who were the offerors and who was the successful offeror(s)?
2. Review Final Source Selection Decision Document (SSDD).
 - a. Adequate rationale for selection logical? Y N
 - b. Was a higher cost/price offeror selected and was the merit of perceived benefits worth the extra cost? Y N
 - c. Was it consistent with the Evaluation Criteria and the Evaluation Standards/RFP requirements? Y N
 - d. Is the same "yardstick" used for all offers in assessing technical strengths or weaknesses? Y N
3. Review Final Proposal Analysis Report (PAR), briefing to the Source Selection Advisory Council (SSAC) and briefing to the Source Selection Authority (SSA).

(**Note:** Identify whether or not there was an SSAC and, if there was no SSAC, ignore its reference in the following questions.)

 - a. Was there a recommendation by the SSAC and/or the Source Selection Evaluation Team (SSET) for award and if so was it/they the same as the selection in the SSDD? Y N
 - b. Was the rating/risk different between the PAR and the SDD or the PAR and the Rating Team Worksheet? Y N
 - c. Was the information provided consistent with the SSDD selection rationale? Y N
 - d. If SSAC and/or SSET recommendations were given and they are not the same as the selection, was there a logical reason not to agree with the recommendation; e.g. was the recommendation consistent with the Evaluation Criteria and the Evaluation Standards/RFP requirements; was the recommendation based on a fair and consistent evaluation? Y N

Assessment for Source Selection

4. Were there any major contract modifications within the first 12 months of award (can be checked on DD350 list)? Y N If N, what was the reason and did it relate to the basis for award?
5. In general, were source selection procedures followed? Y N
6. Identify the key anomalies from the SSDD and PAR that were the basis for the award. Sample Evaluation Worksheets in those areas and in some other evaluation criteria emphasis areas. Were the "roll ups" from the Worksheets to the PAR and SSDD fair and consistent? Y N

If all of the above seems reasonable and no indication that raises any questions, reviewer can make that notation and stop at this point, unless given further direction.

7. If award was not made upon the initial proposal ("Discussions" were held), Review Competitive Range Brief and Determination Documentation, sample the Evaluation Notices (EN) sent to the offerors, and review the Initial Evaluation brief and report/PAR.
 - a. Was a Competitive Range set when award could have been made based on the initial proposals? Y N
 - b. Were there major changes in the offerors' cost/price, ratings, risk assessments and technical strengths and weaknesses? Y N
 - c. Were all the offerors treated fairly and consistently; e.g., were there leading questions or transfer of information within the questions for any one offeror, or hints towards helping any one offeror to correct their problems? Y N
 - d. Was the initial PAR provided to each offeror during Discussions? Y N
 - e. Validate answer or if no interview was conducted, answer question 2d.
8. Interview the SSET Chair (if available).
 - a. Was there a clear best value proposal or were there two or more top proposals of value?
 - b. Were the evaluation ratings/risk changed in the meeting with the SSA or the SSAC?
 - c. Was the selection as expected or was it counter to what the SSET thought it would be based on the evaluation results?
 - d. Was a Competitive Range set when award could have been made based on the initial proposals? Were there any significant rating/risk/cost changes to the winner between pre-Final Proposal Request SSAC/SSA meeting and the final evaluation SSAC/SSA meeting?
9. Conclusion: Is there any concern with the selection, and if so, why?

Assessment for Source Selection

As a minimum, check the following indicators:

A. Award Rationale (Check One)

1. ☐ The rationale supports the only obvious selection possible
2. ☐ The rationale supports the selection; however, other selections could also have been supported
3. ☐ The rationale does not support the selection

B. Influence on the Outcome (Check One)

1. ☐ Follows procedures
2. ☐ Some questionable practices that may have influenced the outcome
3. ☐ Outcome was influenced during parts of the source selection process

Documents Reviewed:

TYPE OF DOCUMENT	SUBJECT (if applicable)	DATE
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Documents Missing or Requested:

TYPE OF DOCUMENT	SUBJECT (if applicable)	DATE
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Process Review Worksheet - List of Documents

Program: _____

Contract #/Mod #: _____

Program Inception (prior to Source Selection)

- ☐ Acquisition Strategy/Plan (including revisions or amendments)
- ☐ J&A (including amendments)
- ☐ Top-Level Program Briefs (mission of program)
- ☐ Operational Requirements Document/Mission Needs Statement (ORD/MNS)
- ☐ Single Acquisition Management Plan (SAMP)

Preaward (including Source Selection)

- ☐ Source Selection Plan
- ☐ Source Selection Briefings
- ☐ Source Selection Evaluation Team Documents
- ☐ Source Selection Authority Documents
- ☐ Source Selection Decision Document
- ☐ Special Clauses (including deviations and waivers)
- ☐ Performance Risk Assessment Group (PRAG)
- ☐ Proposal Analysis Reports (PAR)
- ☐ Legal Reviews
- ☐ Protests before award
- ☐ Draft Request for Proposal (DRFP) – specifically Section L & M
- ☐ Request for Proposal (RFP) (including amendments) – specifically Section L & M
- ☐ Business Clearance Memorandum (pre for other than Source Selection)
- ☐ Competitive Range Determination
- ☐ Discussion Questions
- ☐ Notes from Oral Discussions
- ☐ Evaluation Notes
- ☐ Audits or cost/price analysis or cost realism documents
- ☐ Final Evaluation Brief (FEB)

Postward

- ☐ Business Clearance Memorandum (postward actions)
- ☐ Request for equitable adjustments
- ☐ Claims
- ☐ Settlement Agreements
- ☐ Contract Performance Assessment Reports (CPARs)
- ☐ Protests after award
- ☐ Cost Performance Report (required for programs using Earned Value Management)
- ☐ Award Fee Plan
- ☐ Award Fee Determinations

Document List for Reference

- ☐ Change Orders (program restructures, specification changes, terminations, extension to period of performance)
- ☐ Technical Review
- ☐ Audit Review
- ☐ Legal Review of Claims (Legal Entitlement Memorandums)
- ☐ Award Fee Board Briefs
- ☐ Alternative Dispute Resolution
- ☐ Clauses

Other:

- ☐
- ☐
- ☐

APPENDIX II: STUDY TEAM MEMBERS

DCMA HQ – Alexandria, VA

- [REDACTED] (DCMA)(Study Lead)
- [REDACTED] (DCMA)(Deputy Study
- [REDACTED] (DCMA)(Team Lead)
- [REDACTED] (DCMA)
- [REDACTED] (DCMA)
- [REDACTED] (DCMA)
- [REDACTED] (DCMA)
- [REDACTED] (DCMA)
- [REDACTED] (Navy)
- [REDACTED] (DCMA)(Lead Facilitator)
- [REDACTED] (DCMA)(Facilitator)
- [REDACTED] (DCMA)

Electronics – Hanscom AFB

- [REDACTED] (DCMA) (Team Lead)
- [REDACTED] (DCMA)
- [REDACTED] (Army)
- [REDACTED] (Army)
- [REDACTED] (DCMA)
- [REDACTED] (DCAA)
- [REDACTED] (Navy)

Aircraft – Wright-Patterson AFB

- [REDACTED] (Navy) (Team Lead)
- [REDACTED] (DCMA)
- [REDACTED] (DCMA)
- [REDACTED] (DCAA)
- [REDACTED] (DCMA)
- [REDACTED] (Navy)

Space/Missile – Los Angeles AFB

- [REDACTED] (Navy) (Team Lead)
- [REDACTED] (Army)
- [REDACTED] (DCMA)
- [REDACTED] (DCMA)
- [REDACTED] (DCAA)
- [REDACTED] (GSA)
- [REDACTED] (Army)

Aircraft Maintenance – Warner Robins ALC

- [REDACTED] Navy (Team Lead)
- [REDACTED] (DCMA)
- [REDACTED] (DCMA)
- [REDACTED] (DCAA)
- [REDACTED] (DCAA)
- [REDACTED] (DCMA)

APPENDIX III: BLUE RIBBON PANEL MEMBERS

Bair, Eddie
PEO for Intelligence, Electronic Warfare
and Sensors

Balderson, Diane
Department Head, Air ASW Assault and
Special Missions Programs, Contracts
Department

Bidwell, Charles
Associate General Counsel
Acquisition and Logistics
DoD General Counsel

Brandt, Linda Dr.
Distinguished Professor
Industrial College of the Armed Forces

Buchanan, Elizabeth
Deputy Chief Counsel for General Law,
Transportation Security Administration

Cannon, Mike BG
PEO for Missiles and Space, Office of
Chief Counsel, Transportation Security
Administration

College, Craig Dr.
Deputy Assistant Secretary of the Army,
Infrastructure Analysis

Essig, Tom
Director, Program Analysis and
Business Transformation

Godwin, James B., RADM, Director,
Navy Marine Corps Intranet

Greening, Marie, Deputy Director, Navy
Marine Corps Intranet

Krasik, Sophie
Assistant General Counsel (Research,
Development and Acquisition)

Mehney, Dan
Director, TACOM Acquisition Center

Nielsen, Dan
Deputy Director for Program
Acquisition and International
Contracting, OUSD(AT&L)

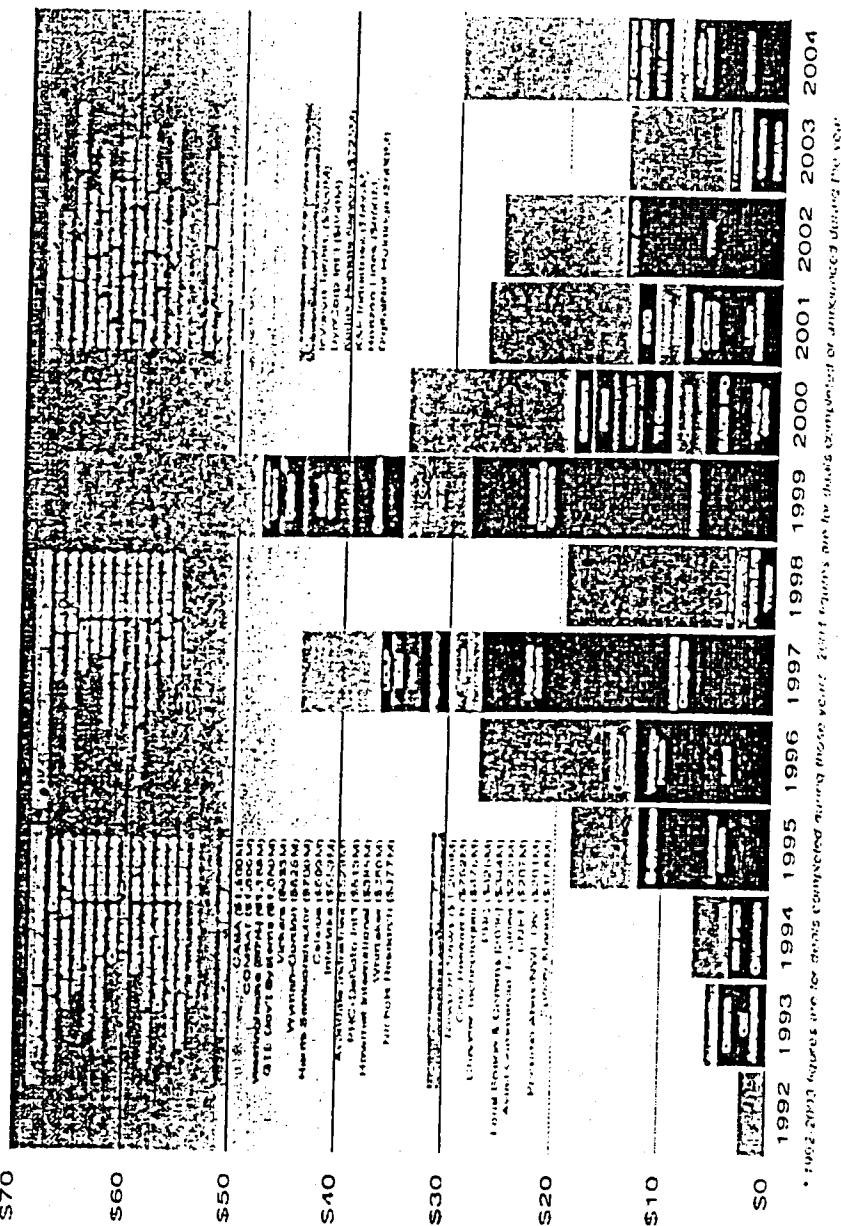
Sagan, Mark
Chief Counsel, CECOM Legal Office

Sanders, David
Navy PEO

Thibault, Mike
Deputy Director, DCAA

Global Defense Industry M&A Trends

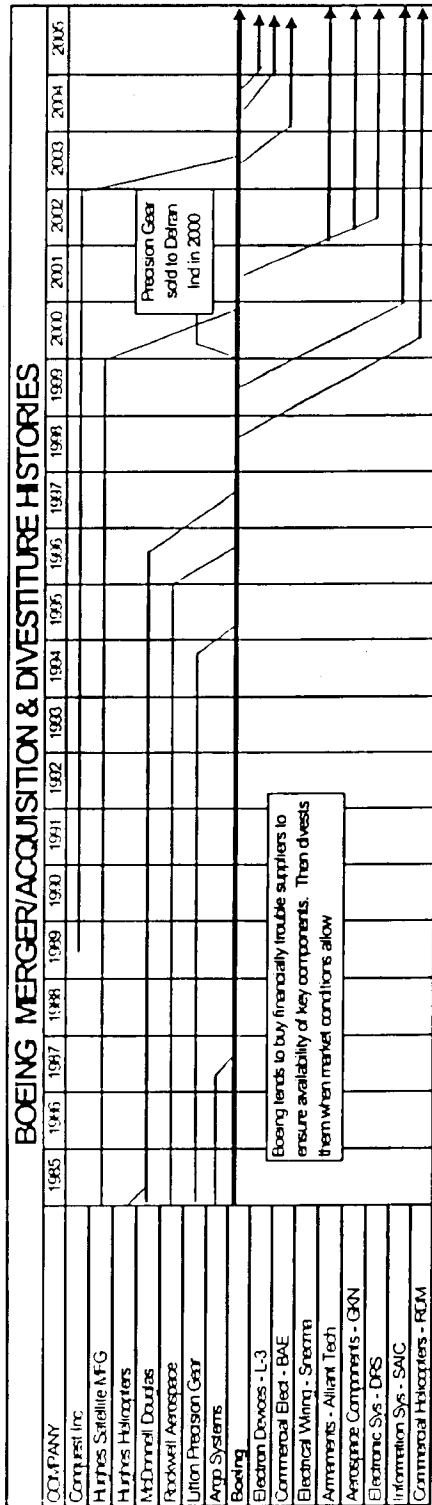
Current Defense M&A Activity in Historical Context
1992 - 2004* - (\$ Billions)



Source: InfoBase Publishers 1/2005

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01/28/2005

Boeing M&A History & Outlook



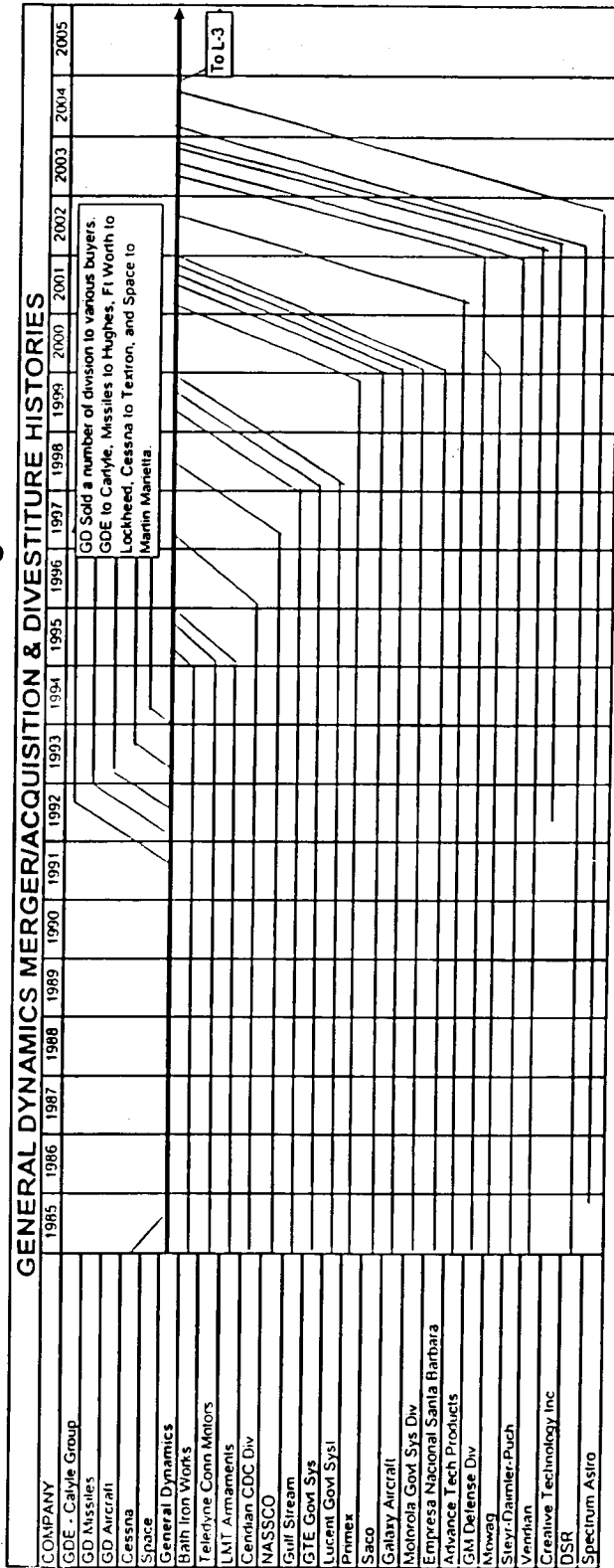
➤ 1990-2004 Trends

- Large Mergers (MD and Rockwell Aerospace) made Boeing dominant in the Aerospace markets.
- Boeing traditionally has been less vertically integrated than other defense contractors.
- Commercial unit has history of buying small troubled suppliers with critical components to Boeing's operations
- Recent years Boeing has spun-off non-core defense and aerospace component manufacturing operations.
- Boeing is much less vertically integrated than the other defense contractors.

➤ Outlook

- Boeing will likely continue to spin-off non-core and component manufacturing assets
- Outsource as much as possible emphasizing design and systems integration.
- Despite rumors in recent years, a large acquisition is not likely for the foreseeable future.
- Boeing has sold and will continue to sell component manufacturing plants to other companies continuing its vertical disintegration trend.
- FCS could bring Boeing into the Combat Vehicle industry via acquisition sometime in the next five years

GD M&A History & Outlook



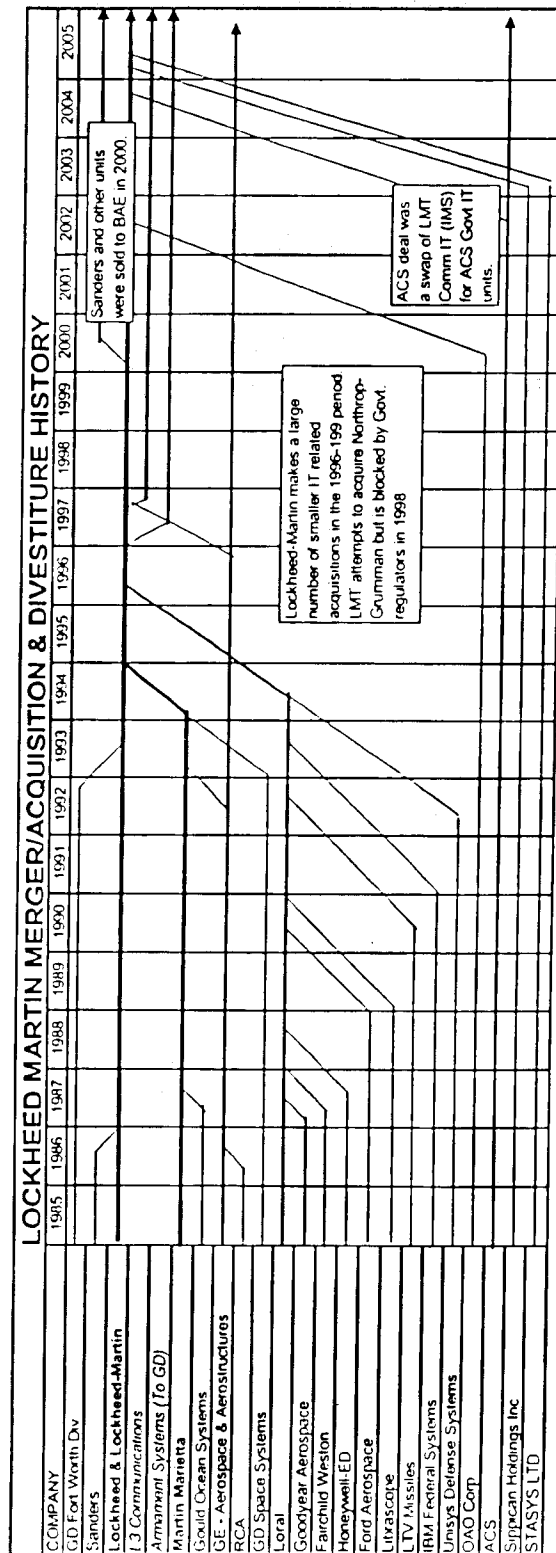
- 1990-2004 Trends
 - 1990-1994: Divested itself of most of its operations leaving only Submarines and Combat Vehicles
 - 1995-1998: All acquisitions were for companies in markets related or supported core businesses
 - Since the Early 1990s GD has been strong financially and good at integrating acquisitions
 - 1998-2000 GD has expanded its acquisitions to include Information Technology, Ammo, Weapons and Business Aircraft.
 - Several acquisitions blocked by the US (NNS and UDI) and UK government s (Alvis).
 - Recent acquisitions have focused on small companies supporting GD's businesses.
- Outlook
 - Large acquisitions are not likely.
 - Rising long-term debt will slow the pace of acquisitions for the next few years.
 - US and Global Anti-trust concerns limit expansion in core Combat Vehicle and Shipbuilding markets.

GE M&A History & Outlook

- 1990-2004 Trends
 - GE policy since the 1980s is that its businesses must be 1 or 2 in its market in-terms of market share or sales or it is divested.
 - 1990-1994: Divested itself of most of its defense operations leaving only aircraft engines where it functions as a major prime contractor
 - Sold Aerostructures unit of Aircraft Engines to Lockheed as part of complex stock transaction in 1997.
 - According to InfoBase Pub, GE has made about 70 major acquisitions (about \$20B) in the defense subcontracting and general manufacturing related industries since 1991 with over half (in terms of value) going towards medical equipment.
 - GE Aircraft Engines 34 Transactions worth about \$5.0B mostly supporting commercial or foreign markets.
 - GE has acquired the financial businesses of both Boeing and Bombardier in recent years.
 - GE attempts to acquire Honeywell for \$45B (driven by commercial as well as defense market considerations) were blocked by the European Commission in 2000.
 - GE continues to use its size and financial strength to acquire businesses and technology strengthen its businesses.
- Outlook
 - Large acquisitions are not likely given antitrust concerns.
 - GE is focusing more on Financial Services, Entertainment, and Services for its growth.

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Lockheed Martin M&A History & Outlook



1990-2004 Trends

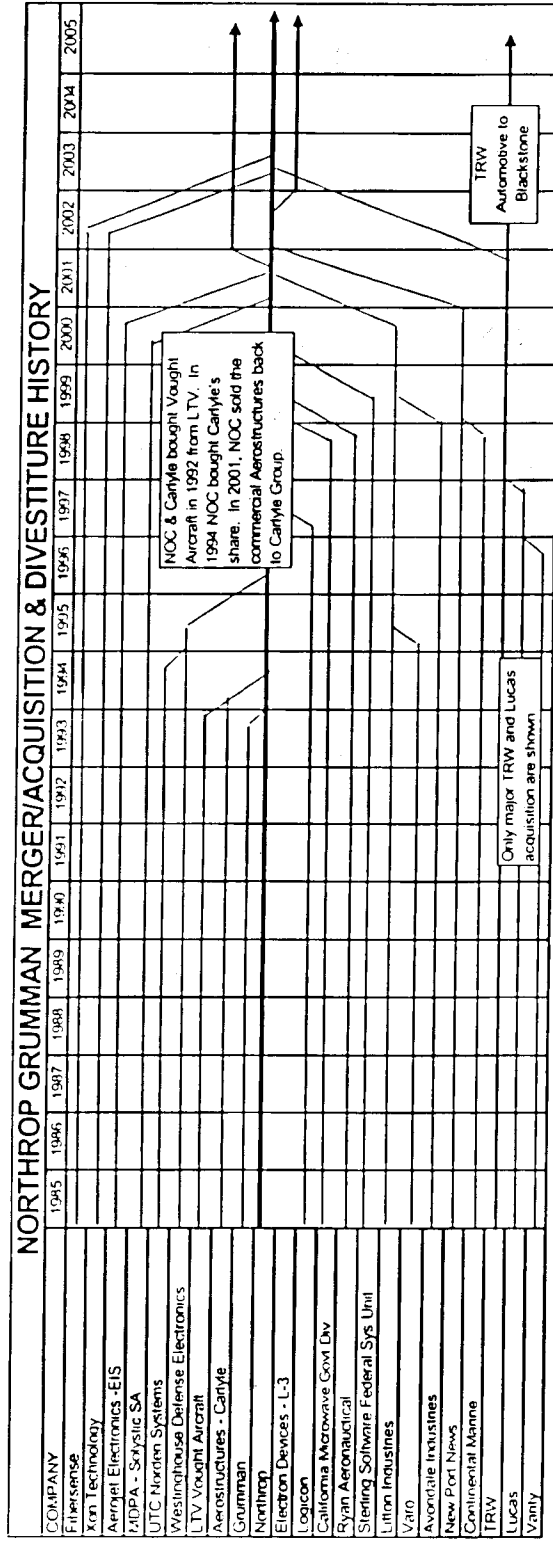
- Lockheed Martin (LMT) was formed in 1995 by the merger of Lockheed and Martin Marietta
- Both companies were active in the acquisition market prior to their merger
- LMT Acquired Loral's defense units in 1996 financing it with about \$10B in long-term debt.
- LMT has had difficulty integrating past acquisitions into the company
- LMT spins-off several non-core communications and electronics units to form L-3 Communications in 1997.
- Try to acquire Northrop-Grumman in 1997, but was stop by the Dept of Justice
- After some divestitures in 1998-2001 period, LMT has returned to the acquisition market focusing on IT services.
- LMT cancelled a proposed acquisition of Titan after a govt. probe revealed some legal issues with Titan.

Outlook

- Large acquisitions are not likely because of global anti-trust concerns
- Improving financial condition will likely allow to company to continue grow by acquisition in the IT market
- Proposed budget cuts could make some LMT aerospace related assets candidates for divestiture.

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Northrop Grumman M&A History & Outlook



1990-2004 Trends

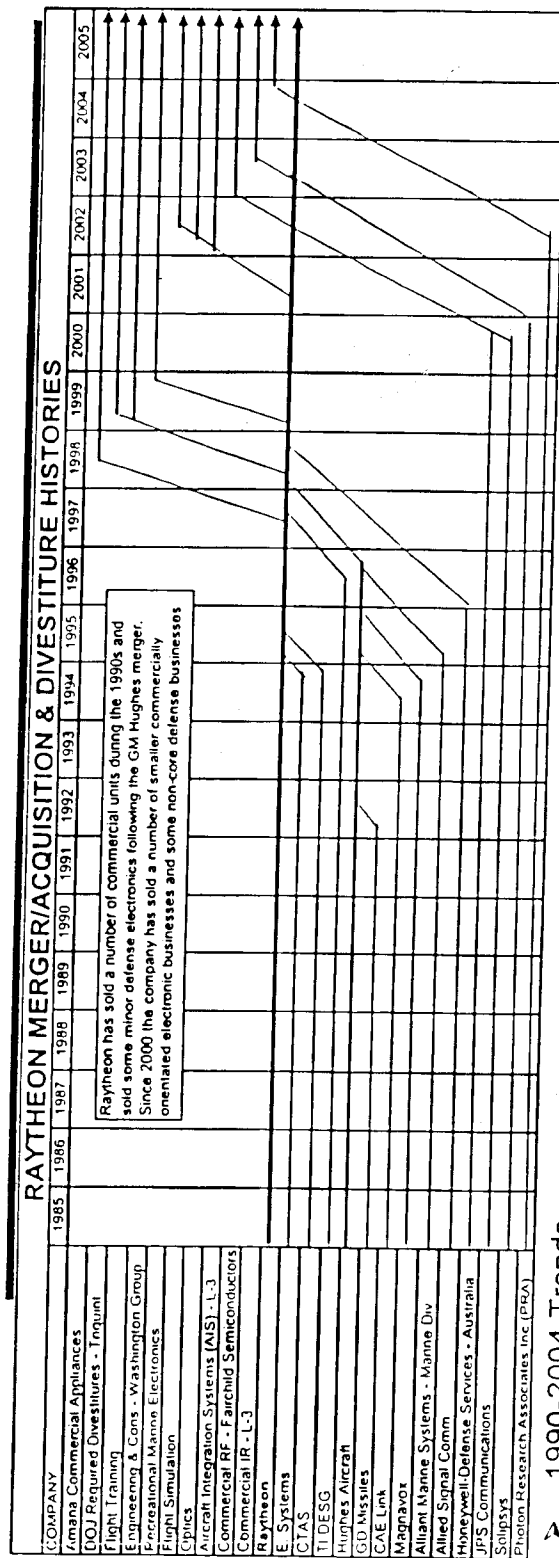
- Active in the acquisition market in the 1990s transforming the company from an aircraft company to large defense contractor focusing IT, electronics, satellites and shipbuilding
- Northrop-Grumman was nearly acquired by Lockheed Martin but the merge was blocked by the government.
- The company has been very successful at integrate past acquisitions into the company.

Outlook

- Large acquisitions are not likely.
- High long-term debt will likely slow the pace of acquisitions for the next few years.
- US and Global Anti-trust concerns limit expansion in the Shipbuilding and other markets.
- Expansion by acquisition is possible in the space market.
- Vertical disintegration divestitures are likely

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Raytheon M&A History & Outlook



➤ 1990-2004 Trends

- Active in the acquisition markets in the 1990s focusing on missiles and electronics.
- Divested commercial operations in the late 1990's to pay for and focus on Defense businesses.
- Raytheon (RTN) accumulated nearly \$10B in long-term debt in the 1990s
- Legal and financial issues from divested commercial units have hurt the company in recent years
- RTN has been trying to sell its commercial aviation unit for five years.
- RTN has been selling off commercial and non-core defense businesses in recent years.

➤ Outlook

- Large acquisitions are not likely but it could be a target for one
- Improving financial condition could allow RTN to grow by acquisition in areas such as Missile Defense.
- US and Global Anti-trust concerns limit expansion in core Combat Vehicle and Shipbuilding markets.
- Continuing divestitures of component and non-Core units is likely.